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REPORT  
No. 491

## AMENDING THE INDIAN LONG-TERM LEASING ACT

JULY 20, 1965.—Ordered to be printed

Mr. BIBLE, from the Committee on Interior and Insular Affairs,  
submitted the following

### REPORT

[To accompany S. 1938]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1938) to amend the Indian Long-Term Leasing Act, having considered the same, report favorably thereon with an amendment and recommend that the bill (as amended) do pass.

The amendment is as follows:

On page 1, line 5, strike the words "the Pyramid Lake Reservation" and insert in lieu thereof "the Pyramid Lake Reservation,".

#### PURPOSE

The purpose of S. 1938, introduced by Senator Bible, is to permit leases of Indian land on the Pyramid Lake Reservation in Nevada for business and other purposes to be made for a term of 99 years with the right of renewal for another 25 years.

#### NEED

Enactment of S. 1938 is needed to permit a lease with a term long enough to enable a prospective lessee to obtain financing for the recreational development that is contemplated.

The Pyramid Lake Reservation is located in one of the Nation's fastest growing recreation areas. The 175-square-mile lake, located entirely within the reservation, offers excellent potential for water-oriented recreational development. Several proposals have been submitted for development contemplating the investment of large sums of money and the payment of substantial rents to the tribe.

After a long-term development lease is approved, time must be consumed in preparing development plans, securing requisite approval of those plans, negotiating financing, constructing developments, and

marketing them. This means that under present leasing authority, which permits the equivalent of a 50-year lease, a lessee cannot possibly comply with the minimum legal requirements of a substantial segment of the lending community.

If enacted, S. 1938 will extend to the Pyramid Lake Indian Reservation the same long-term leasing provisions which have been made applicable to the Agua Caliente, Navajo, Seminole, Colorado River, Southern Ute, and Fort Mojave Reservations. Assurance was given the committee that the Secretary of the Interior would approve a 99-year lease only if the extended period is absolutely essential and if it is consonant with the needs of the Pyramid Lake Indians.

#### DEPARTMENTAL REPORT

The favorable report from the Department of the Interior, dated June 23, 1965, recommending enactment of S. 1938, is as follows:

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., June 23, 1965.

HON. HENRY M. JACKSON,  
*Chairman, Committee on Interior and Insular Affairs,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR JACKSON: This responds to your request for a report on S. 1938, a bill to amend the Indian Long-Term Leasing Act.

We recommend that the bill be enacted.

The act of August 9, 1955 (69 Stat. 539), authorized leases of Indian lands to be made for public, religious, educational, recreational, residential, or business purposes for terms not to exceed 25 years, with an option to renew for one additional term of not to exceed 25 years. Grazing leases are limited to 10-year terms with no option to renew, and farming leases that involve the making of substantial improvements to the land are limited to 25-year terms with no option to renew.

The act has been amended to permit leases for public, religious, educational, recreational, residential, business, or farming purposes which require the making of a substantial investment in the improvement of the land for the production of specialized crops for up to 99 years including any renewal options, on the following reservations:

Agua Caliente (Palm Springs) Reservation (act of September 21, 1959 (73 Stat. 597)); Navajo Reservation (act of June 11, 1960 (74 Stat. 199)); Dania Reservation (act of October 4, 1961 (75 Stat. 805)); Southern Ute Reservation (act of October 10, 1962 (76 Stat. 804)); and the Fort Mojave Reservation (act of November 4, 1963 (77 Stat. 301)).

In addition, 99-year leases may be granted on the Colorado River Reservation under the act of April 30, 1964 (78 Stat. 188).

The 99-year maximum lease authority for the six reservations named was granted because of the need for longer term leases as the basis for financing substantial developments on the land. Without a long-term lease, construction or development loans could not be obtained by the lessee from lending institutions.

This bill would make the 99-year leasing authority already enacted for the above-mentioned reservations applicable to the Pyramid Lake Reservation. This reservation is located in one of the Nation's fastest growing recreation areas, centered around the vacation resorts at Lake Tahoe, Squaw Valley, and Reno, Nev. Pyramid Lake, which is a 175-square-mile body of water, is located entirely within the reservation and about 35 miles north of Reno. This part of Nevada is linked to the major western population centers by the Interstate Highway System.

Much interest exists for the development of Pyramid Lake Reservation land, primarily with water oriented recreational facilities. Several proposals have been received for such development contemplating the investment of large sums of money and the payment of substantial rents to the tribe; and the Bureau of Indian Affairs in cooperation with the tribe is currently preparing to issue a brochure soliciting proposals for the leasing and development of a portion of the reservation. One of the major handicaps in obtaining development has been and will continue to be the existing limitation on the term of lease which may be granted.

After a long-term development lease is approved, time must be consumed in preparing development plans, securing requisite approval of those plans, negotiating financing, constructing developments, and marketing them. This means that under present leasing authority, which permits the equivalent of a 50-year lease, a lessee cannot possibly comply with the minimum legal requirements of a substantial segment of the lending community.

Under the National Housing Act, mortgage insurance is available for residential housing loans based on a leasehold interest only if the lease has not less than 50 years to run from the date the mortgage was executed (12 U.S.C. 1707). The same limitation applies under the rental housing insurance program (12 U.S.C. 1713). The regulations governing leasehold loans by a Federal savings and loan association require a minimum unexpired lease term of 50 years when the loan is made. The law and regulations governing leasehold loans by State savings and loan associations vary from State to State with several States following the limitations governing Federal associations. Insurance companies follow restrictive policies that vary, depending to a large degree upon the requirements imposed by the laws of the States controlling their organization, but in general they require leases to extend well beyond the date for amortizing the loan; and in some cases they require 99-year leases.

Indian lands available for development are usually located on the periphery of, or with some degree of remoteness to, existing communities. In addition, they must compete with available non-Indian lands the fee title to which is generally offered. Because of these factors, a lessee of Indian land faces substantial problems in marketing the developed property and consequently demands a sufficient lease term to protect his investment if the sale or subleasing of developments proves to be slower than the parties would initially desire or anticipate.

If the Indians of the Pyramid Lake Reservation are to realize the maximum return for the use of their lands, they must have the flexibility to offer leases with sufficient terms to satisfy the requirements of most lending institutions and to meet the varying market situations that may arise. We believe that only if they have the authority to

negotiate leases with terms of up to 99 years will this flexibility exist. It should be noted, however, that if Congress grants this additional authority it will be exercised with extreme caution. Even though for a number of years we have been authorized to approve such leases on several reservations very few 99-year leases have in fact been approved.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JOHN A. CARVER, Jr.,  
*Under Secretary of the Interior.*

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, S. 1938, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

ACT OF AUGUST 9, 1955 (69 STAT. 539), AS AMENDED (25 U.S.C. 415)

SEC. 1. Any restricted Indian lands, whether tribally or individually owned, may be leased by the Indian owners, with the approval of the Secretary of the Interior, for public, religious, educational, recreational, residential, or business purposes, including the development or utilization of natural resources in connection with operations under such leases, for grazing purposes, and for those farming purposes which require the making of a substantial investment in the improvement of the land for the production of specialized crops as determined by said Secretary. All leases so granted shall be for a term of not to exceed twenty-five years, except leases of land on the Agua Caliente (Palm Springs) Reservation, the Dania Reservation, the Southern Ute Reservation, the Fort Mojave Reservation, *the Pyramid Lake Reservation*, and the Navajo Reservation which may be for a term of not to exceed ninety-nine years, and except leases of land for grazing purposes which may be for a term of not to exceed ten years. Leases for public, religious, educational, recreational, residential, or business purposes (except leases the initial term of which extends for more than seventy-four years) with the consent of both parties may include provisions authorizing their renewal for one additional term of not to exceed twenty-five years, and all leases and renewals shall be made under such terms and regulations as may be prescribed by the Secretary of the Interior.

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